

PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM

Program Features	1999 Wisconsin Act 9
Funding	<ul style="list-style-type: none"> • \$200,000 General Purpose Revenues (GPR) in FY00 to support operating costs of PEHCPA and 3.5 GPR positions (biennial appropriation) • \$200,000 GPR in FY00 for grant to plan administrator (biennial appropriation) • Create a Program Revenue (PR) continuing appropriation for the Dept. of Employee Trust Funds (DETF) to expend all moneys it receives from employers, for costs of designing, marketing and contracting or providing administrative services for program
Start Date/Sunset Date	<ul style="list-style-type: none"> • January 1, 2001/January 1, 2010
Private Employer Health Care Coverage Board	<ul style="list-style-type: none"> • Created within DETF • Membership: DETF Secretary; Dept. of Health and Family Services (DHFS) Secretary; one representative each of an HMO, hospital, insurance agent and insurer; two small business employees eligible for health coverage with an employer employing not more than 50 employees; two small business employers eligible to offer health insurance coverage with no more than 50 employees; one physician; and two public interest representatives • DETF/DHFS nonvoting members • Nominated by Governor, approved by Senate; 3 year staggered terms • Establish criteria for the administrator of the Private Employer Health Care Purchasing Alliance (PEHCPA) and the enrollment period • Specify manner of employer premium payments for employee coverage • Set and adjust the commission rate for the sale of PEHCPA policies, based upon the average commission rate insurance agents are paid in the state for the sale of comparable health insurance policies • Submit an annual report to the Legislature and Governor on the operation of the program by December 31 of each year (number of employers and employees participating in program and costs of the program) and include any recommendations for improving the program • No later than January 1, 2008, submit a report to the Legislature and Governor offering recommendations as to whether DETF should continue to be involved in the design, marketing and contracting for administrative services of the program; if no further DETF involvement, Board must submit proposed legislation eliminating DETF's responsibilities with the program
DETF Responsibilities	<ul style="list-style-type: none"> • Design an actuarially sound health care coverage program for employers that includes more than one group health care coverage plan (must consult with the Office of the Commissioner of Insurance but may consult with DHFS/Commerce) • Solicit and accept bids and enter into a contract for administration and marketing of plan • Prohibited from implementing program without Board approval of plan • If no contract for administration before January 1, 2001, submit a report to the Joint Committee on Finance stating reasons why, then provide administrative services for the program until contractor found and charge employers for costs incurred

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Marketing of Plan	<ul style="list-style-type: none"> • DETF prohibited from selling any health insurance policies to employers or enroll any employee in program • DETF required to make information about the program available to employers on a statewide basis • DETF required to maintain a toll-free telephone number to provide information on the program
Third Party Administrator	<ul style="list-style-type: none"> • Contract with insurers to provide health care coverage under the program • Charge employers who participate in program a fee to cover cost of administrative services and reimburse DETF for expenses incurred in designing, marketing and contracting for administrative services for program
Insurer Responsibilities	<ul style="list-style-type: none"> • Provide coverage under the plan to any employer that applies for coverage, and to all of the employer's employees who elect coverage under the plan, without regard to health or claim experience, provided: (1) the employer agrees to pay the premium required for coverage under the plan; and (2) the employer agrees to comply with all provisions of the health care coverage plan that apply without regard to health or claim experience of the individual
Policy Sales	<ul style="list-style-type: none"> • Board directed to set and adjust the commission rate for the sale of PEHCPA policies, based upon the average commission rate that the insurance agents are paid in the state for the sale of comparable health insurance policies • Insurer must specify on first page of any policy sold under program the amount of the commission paid to the insurance agent • Health insurance coverage under the program may only be sold by licensed insurance agents • Insurance agent may not sell health care coverage under program on behalf of an insurer unless he/she is employed by the insurer or has a contract with the insurer to sell the coverage
Abortion Coverage	<ul style="list-style-type: none"> • Prohibits any plan from providing coverage of a nontherapeutic abortion except by optional rider or supplemental coverage provided on an individual basis and paid by the individual
Participating Employers	<ul style="list-style-type: none"> • Offer health care coverage under one or more plans to all permanent employees who work 30+ hours/week • Provide coverage to at least 50% of permanent employees who work 30+hours/week and are not a covered dependent under any other plan not offered by the employer • Pay at least 50% but not more than 100% of lowest premium rate available to employer for employee's coverage under plan • Once employer terminates from program, not eligible to participate in program for three years • "Employer" defined as any person who does business or operates an organization and employs at least two employees, EXCEPT that for a person operating a farm business, the person must employ at least one employee; excludes the state and local governmental units
Legislative Audit Bureau Report	<ul style="list-style-type: none"> • Prepare a program evaluation audit by January 1, 2008